

**REPORT – EIAS Briefing Seminar  
Cross Strait relations – Past and Prospects***15 September 2011**EIAS*

On the occasion of the visit to Brussels of Dr Chi SU, senior advisor to President Ma Ying-jeou of the Republic of China, the European Institute for Asian Studies (EIAS) held a Lunch Briefing, on 15 September 2011, on “Cross-Strait Relations: Past and Prospects.” Dr. Chi SU is also Professor of China Studies at Tamkang University in Taipei. H.E. Mr David Lin, the Representative of the Taipei Representative office in the European Union and Belgium, gave the welcoming remarks for this meeting. A panel comprising the following discussants was also present:

Dr. Hungdah Su, Director General of the European Union Centre in Taiwan (EUTW), Professor and Jean Monnet Chair at the National Taiwan University; Dr. Mignonne Manjun Chan, Executive Director at the Chinese Taipei APEC Study Centre (CTASC) in the Taiwan Institute of Economic Research; Dr. Chu-Chia Lin, Professor at the Department of Economics at the National Chengchi University (NCCU); Dr. Hsin-Chih Chen, Associate Professor at the Department of Political Sciences at the National Cheng-Kung University; Dr. Yea-Jen Tseng, Associate Professor at the Institute of Financial and Economic Law at the Southern Taiwan University of Technology; and Dr. Marc Cheng, Executive Director of the European Centre in Taiwan (EUTW).

The event was chaired by Mr. Dick Gupwell, Vice-Chairman of EIAS.

**Cross-Strait relations**

The English term “Cross-Strait Relations” is a relatively new concept, in use for approximately twenty years. It is used by the two parties on either side of the Taiwan Straits (formerly known to Europeans as the Straits of Formosa), i.e. the People’s Republic of China (PRC) on the mainland and the Republic of China (ROC) on the island of Taiwan, as well as by many observers. This has been to avoid the use of the terms “China-Taiwan relations” or “PRC-ROC relations”, neither of which was considered to be neutral. The former implied that Taiwan was not a part of China, while the latter implied a state of co-existence between the two governments as States, which did not reflect the official position of either government. There is no commonly used term in the Chinese language equivalent to these two English terms. Prior to the 1980s, the relationship between the Republic of China (ROC) and the People’s Republic of China (PRC) was limited to acts of military aggression and harsh political dispute. This situation was a consequence of the civil war between Chiang Kai-shek’s Kuomintang (KMT) and Mao Zedong’s Communist Party at the end of World War II.

**The Kuomintang and the Communists**

The KMT had been established by Dr Sun Yat-sen, in August 1912, shortly after the proclamation of the Republic of China, on January 1<sup>st</sup> that year, and the ending of the Manchu or Qing Dynasty, which had ruled the Chinese Empire since 1644. The KMT won a majority in the elections for the National Assembly, in February 1913, but the following year President Yuan Shikai, a former commander in the imperial army, dissolved the National Assembly and outlawed the KMT. This was the prelude to the beginning of the period of anarchic rule by rival Warlords (1916 to 1928). The KMT was re-established

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by Sun Yat-sen in October 1919. Following his death, four years later, Chiang Kai-shek assumed an increasingly dominant position in the party.

The Communist Party of China (CPC) was founded in July 1921, under the guidance of the recently created Communist International (COMINTERN). At this time, both the KMT and the CPC enjoyed good relations with the then new Soviet Union. The Chinese Communists were persuaded to cooperate with the KMT and even to become members of that party. However, after the death of Sun Yat-sen, in 1923, and Chiang Kai-shek's North Expedition, in 1927, which brought an end to the rule of the Warlords, relations between the two parties deteriorated and Chiang's campaign against the Communists led Mao Zedong to take the CPC supporters on the Long March (1934-1935) to safety. The progressive occupation of Chinese territory by Japan from 1937 (Japan had earlier occupied Manchuria in 1931) led, not without difficulty, to the second KMT-CPC United Front, this time against Japan. However, such cooperation had increasingly given way to renewed conflict by 1940 and, with the Japanese surrender, in 1945, the civil war was renewed in earnest. Despite US military aid to the KMT, Mao's Communists increasingly gained the upper hand and, on 1<sup>st</sup> October 1949, the People's Republic of China was proclaimed in Beijing. This resulted in the KMT and the administration of the Republic of China having to seek refuge on Taiwan (recently returned to China after 50 years of Japanese rule), whither Chiang Kai-shek, a few hundred thousand troops and around two million refugees fled. On 7<sup>th</sup> December, President Chiang declared Taipei to be the new, if temporary, capital of the ROC.

### **The Republic of China on Taiwan**

After 1949, the civil war continued, albeit on a lesser scale. The PRC managed to capture the island of Hainan and several smaller islands, in 1950. However, with the outbreak of the Korean War, in June of that year, President Truman sent the US Seventh Fleet into the Taiwan Straits and, thereafter, an amphibious attack by the PRC against Taiwan was out of the question. Hostilities were reduced to intermittent shelling of remaining ROC-held offshore islands. Both the PRC and the ROC maintained that theirs was the only legitimate government of the whole of China, with authority over both the mainland and Taiwan.

The US has continued to play a key role in Cross-Strait relations, as the guarantor of an independent ROC. For many years, the US refused to recognise the government of the PRC and continued to support the ROC in holding China's seat at the United Nations, where it is one of the five Permanent Members of the Security Council. However, the ROC was obliged to give up the UN seat in favour of the PRC in 1971, while the US finally acknowledged the PRC as the legitimate government of China and established normal diplomatic relations, in January 1979, at the same time withdrawing recognition from the ROC.

There were also important changes within Taiwan. The imposition of the ROC administration on Taiwan, in 1949, so soon after the departure of the Japanese, was not welcomed unreservedly by all Taiwanese and Chiang Kai-shek's government became autocratic, with the imposition of Martial Law. However, with US support, Taiwan's economic began to grow rapidly, becoming one of the Asian "Tiger" economies. Chiang Kai-shek died in office in 1975. He was succeeded initially by his Vice President, Yen Chia-kan, and then, following the election of 1978, by his son, Chiang Ching-kuo, under whom political liberalisation began to take place. Martial Law was lifted, in 1987, and the opposition DPP was formed. Chiang Ching-kuo's death, in 1988, brought his Vice president, Lee Teng-hui, a native Taiwanese, to the presidency. Lee won the 1990 Presidential election and, in May 1991,

announced an end to the State of War between the ROC and the PRC. He also introduced a system of direct popular election for the presidency for the subsequent election, replacing the system under which the President and Vice-President had been elected by the National Assembly (whose members had themselves been elected before the flight to Taiwan in 1949). Lee also won this first popular election, held in 1996, an election which provoked the PRC to conduct missile tests in the Taiwan States as a sign of displeasure.

In 2000, the candidate of the DPP, Chen Shui-bian, was elected as President in a three-cornered contest. As the DPP obtained the bulk of its support from native Taiwanese, the issue of Taiwanese identity came to the fore. President Chen was also narrowly re-elected in 2004. There was much discussion about the possibility that Taiwan might declare its independence, which caused serious strains in Cross-Strait relations, until President Ma of the KMT was elected to the presidency in 2008.

### **The Beginning of ROC-PRC talks**

By the end of the 1980s, relations between the PRC and the ROC began to change, as the two sides started to find common ground, enabling them to begin negotiations, albeit limited to practical matters. In 1992, a [consensus](#) was reached, based primarily on the concept of “mutual non-denial.” The “[mutual non-denial](#)” agreement partly solved a long-standing and delicate issue - the question of sovereignty. This agreement, of which Dr. Chi Su was the main architect, enabled both parties to sidestep the issue of sovereignty and to proceed to strengthen their relationship on those matters on which consensus could be reached. Both sides recognised that there is only “one China” and that both mainland China and Taiwan belong to that same China. Moreover, both sides agreed verbally to express the meaning of the term “one China” on the basis of their own definition, such that they would no longer publicly object to the use of a rival interpretation of “one China” that did not correspond to their own definition. However, this question has not yet been resolved but merely postponed, allowing the two sides to proceed to more concrete negotiations.

The ROC is no longer considered to be a sovereign country or State in the international community, which causes complications for the ROC’s participation in international fora. For example, the ROC is unable to sign any treaty or convention if the parties involved are limited to sovereign countries or States. Currently, only 23 out of 204 countries in the World continue to maintain normal diplomatic ties with the ROC (and the PRC refuses to have diplomatic relations with these 23 countries). Thus, the ROC has to struggle to obtain any participation in such international fora and, where participation is possible (e.g. in APEC and the WTO), the ROC is often obliged to be present under such names as “Chinese Taipei.” However, while the ROC is excluded from bodies where all UN members participate, such as the World Health Organisation (WHO), Beijing has recently started to become aware of the ROC’s anomalous international situation and is increasingly prepared to give it consideration (for example, the ROC has recently been granted Observer status in the WHO Assembly under the name of “Chinese Taipei”).

### **Taiwan between the US and China**

The concept of a “Tail Wagging Two Dogs” is a metaphor, where the ROC is the tail, “wagging” both the US and the PRC. It refers to the ROC being a prime factor in US-China relations and one which, in theory at least, could spark off a war between the two Pacific giants. One example concerns US arms sales to the ROC. The ROC needs US support, for example in the form of arms, in order to protect itself from a possible renewal of aggression from the PRC. However, in remaining close to the US, the

ROC also risks endangering Cross-Strait relations and provoking the displeasure of its increasingly important trade partner, the PRC, in order better to protect itself against that same neighbour. In this context, the ROC has to juggle its relations between the US and the PRC, so as to ensure the maintenance of a peaceful environment between all three actors, essential for providing for its continuing prosperity.

There is still much uncertainty and distrust on both sides of the Taiwan Straits, which means that it is far from easy to maintain positive Cross-Strait relations. In this context, the present Government of the ROC, under President Ma Ying-jeou, is trying to focus on building mutual trust, creating common ground and a will to compromise. This is arguably easier now that both sides have learned the bitter lessons from the past, both as regards the PRC's earlier failed attempts at reunification by force and the ROC's failed attempt, under its previous administration, to obtain *de facto* independence. As a result, both parties are now increasingly willing to negotiate, although the sovereignty issue has still not been resolved.

### **The dimensions of Cross Strait relations**

Cross-Strait relations are complex to the point where the frequent shifts and limited progress achieved in these negotiations can help to reduce the degree of consensus. This can be hard to understand, even for scholars. However, even though the situation is very complicated, it can roughly be divided into two dimensions, "soft" and "hard", which have five different aspects.

The military and international aspects of Cross Strait relations represent the "hard" dimension, while the economic and cultural aspects are the "soft" dimension. Politics is at the centre, between the "soft" and "hard" dimensions. The last two decades of the relationship between the ROC and the PRC can roughly be divided into four different periods. First, was the early period under President Lee Ten-hui (1988-1995), which saw an increase in focus on the softer dimension. During the later Lee Teng-hui period (1995-2000), there was a re-emphasis of the hard dimension. President Chen Shui-bian's administration (2000-2008) saw both the softer dimension becoming softer and the harder dimension harder. The latest period, under President Ma Ying-jeou (since 2008), has seen the emphasis being on making all aspects softer. Overall, the last two decades have seen a growing emphasis on the softer aspects. For instance, trade has increased considerably between the ROC and the PRC. Earlier only about 25 percent of the ROC's trade was with the PRC and this has increased to about 40 percent.

Nevertheless, Cross-Strait relations have been tested as a result of three incidents, which took place between the ROC and the PRC during the last twenty years, all of which were initiated by the PRC (for example, the missile tests in 1996). On the other hand, the ROC has been playing an important role in taking initiatives aimed at improving the cross-strait relationship. President Ma Ying-jeou, has contributed much to the improvement in Cross-Strait relations, with Dr Chi Su being one of the main architects behind this. For instance, under Ma Ying-jeou, the ROC has signed more than fifteen agreements with the PRC. The re-establishment of mutual trust has been an especially important aspect here.

### **Prospects for Cross Strait relations**

However, next year's elections in the ROC and the forthcoming change of leadership in the PRC may affect the recent positive trend in Cross-Strait relations. The main opposition party in the ROC, the Democratic Progressive Party (DPP), now led by Tsai Ing-wen, is known to have a tougher and more

pro-sovereignty agenda than the current ruling party, the KMT, and it is conceivable that the DPP may alter President Ma's policy on Cross-Strait relations if they win the 2012 election. This may jeopardise the policy of seeking compromises that Mr Ma's KMT has promoted. Nevertheless, it is likely that Ma Ying-jeou's policy of "three No's" - No unification, No independence and No use of Force - will continue, even if the DPP wins, at least for a little while longer.

Moreover, the coming change of leadership in the PRC, also in 2012, could equally complicate matters further. A new leadership in the PRC may also mean a new policy on Cross-Strait relations, although it is, as yet, relatively unknown as to what the change of leadership in the PRC will bring. However, it is also clear that the increased economic interdependence between the ROC and the PRC should considerably reduce each side's interest in provoking a new conflict, especially with forty percent of the ROC's trade now being with the PRC (although the PRC's trade is not dependent on the ROC to the same extent).

In June 2010, an [Economic Cooperation Framework Agreement](#) (ECFA) was signed between the ROC and the PRC. It spurred much debate within Taiwan and supporters of the agreement argued that the ECFA would help alleviate some of the ROC's economic woes and facilitate its economic recovery. Opponents, on the other hand, argued that the ECFA would further increase the dependency of Taiwan's economy on the mainland. It is, however, also argued that the ECFA has given the ROC more opportunities, especially in Asia, for example, for concluding Free Trade Agreements (FTAs) with countries, such as Singapore, the Philippines, Indonesia and even the EU. Therefore, it could be argued that the ROC can, thereby, widen its network of FTAs and diversify its trade, which would probably not be possible to the same degree without the ECFA.

## Conclusion

The terms "Taiwan" and "Republic of China" are often perceived differently. Whereas the former is principally a geographical expression, ROC suggests an economic and political entity related to China as a whole. On the other hand, the term "Taiwan", can also be seen to refer to a separate country, which is completely separate from China. Use of the term "Taiwan" during negotiations with officials from the PRC would often lead them to walk out of the meeting, while the term ROC, while also not acknowledged as legitimate by the PRC, was regarded, nevertheless, as more acceptable. The term "Taiwan" would imply negotiations between two independent countries, while use of "PRC and ROC" is seen to imply a relationship between a sovereign country (PRC) and a "region" within that country (ROC). So far though, the PRC has agreed on using the term "ROC", without suggesting that they formally accept it but, at least, they do not object officially.

1<sup>st</sup> January 2012 will mark the 100<sup>th</sup> anniversary of the founding of the Republic of China. Whatever may have happened between them in the past, it is a fact that both the Kuomintang and the Communist Party of China greatly revere the memory of Dr Sun Yat-sen, the first provisional President of the ROC and founder of the Kuomintang. After many decades of hostility between these two parties, which in their own ways have pioneered the transition of China from its old imperial past into the modern world, the last few years have seen a very welcome warming in the relations between them, which now take place across the Taiwan Straits. Also, in both the PRC and in Taiwan, great strides have been made in economic and social development and even the PRC has now developed into what is approaching a liberal economy. It can only be hoped that this encouraging trend will continue in the years to come.

**Note:** See also the [Report](#) on the EIAS Briefing Seminar, held on 7<sup>th</sup> October 2010, on "ECFA: Current Status on Cross-Strait Relations and Prospects for the Future".